

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
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RECEIVED

JUL 28 2014

DIV. OF OIL, GAS & MINING

In Reply Refer To:
3809 (UTW011)
UTU-87834

JUL 25 2014

CERTIFIED MAIL NO. – 7014 0150 0000 5867 6550
RETURN RECEIPT REQUESTED

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Ave
Reno, NV 89502

Dear Mr. Havenstrite:

On January 7, 2014, the Bureau of Land Management (BLM) Salt Lake Field Office approved your Plan of Operations (Plan) for the Kiewit Mine Project serialized UTU-87834 (UDOGM permit M/045/0078). On January 10, 2014, BLM received a modification to that Plan (Plan Modification) which proposed to widen the haul road between the mine pit and the heap leach pad. On March 20, 2014, BLM received your request for 10 exploration drill holes located immediately east of the pit outline approved in your original Plan. On April 4, 2014, BLM received another Plan Modification. This third submittal included a series of updated figures showing an expanded pit area as well as rock characterization data from two drill holes in the vicinity of the proposed expansion.

On April 15, 2014, BLM requested that you combine the three requests into one. Subsequently Desert Hawk submitted a consolidated proposal on April 17, 2014. On May 29, 2014, BLM determined that your March 20 request for additional exploration drilling was considered to be within the scope of your existing Kiewit Exploration Plan of Operations (U-77828). On June 6, 2014, BLM received an e-mail from you stating that you were withdrawing your January 10, 2014 Plan Modification to widen the haul road.

Your remaining Plan Modification can be summarized as follows:

“...we request approval to expand the Kiewit Mine approximately 450’ to the East of the original pit boundary. The total acreage of disturbance...will increase from 15 to 23.5 acres.”

Consistent with the surface management regulations at 43 CFR 3809.432, the BLM has reviewed the Plan Modification to determine if it meets the content requirements at 43 CFR 3809.401(b). Based on our review, the following additional information is required in order for the Plan Modification to be complete:

- 1) Please provide information on the total additional volume of material that you propose to mine. Describe what portion of this material will be topsoil, ore and waste. Explain how the increase in mined material will affect the dimensions of the heap and the dimensions of the waste dump. Provide a chart or table summarizing this information that includes changes in dimensions and disturbance acreage of the different mine facilities (pit, waste dump, heap).
- 2) Your Plan Modification states "Mining the outcrop would enable Desert Hawk to have a lower strip ratio during the first phase of mining and processing ore, possibly lead to a location for backfilling overburden and potentially reduce the surface acreage disturbed by mine waste." Please provide additional detail on these proposed changes to your mining sequence and schedule. Also, describe in greater detail the possible backfill scenario and explain how and when you will make the decision on whether or not to backfill. In accordance with §3809.401(3)(iii), provide information on the feasibility of pit backfilling that details economic, environmental, and safety factors. This includes information on the anticipated backfilling costs, character of the potential backfill material, stability of highwalls or backfill material, size and quantity of potential pit lakes, and safety issues that may be associated with backfilling.
- 3) Provide an updated schedule of operations.
- 4) Provide information on any proposed changes to vehicle and equipment access. For example, will vehicles and equipment be using existing roads or will new access roads be created?
- 5) Please submit the additional rock characterization data from your recent exploration drilling program as requested by Utah Division of Oil, Gas and Mining and update Appendix V of the Plan accordingly. Include a description of sampling procedures including how the samples were selected, collection methods, and quantity of material.
- 6) Provide a map that shows all of the sample locations (the two Dumont drill holes plus the additional new drill holes) in relation to the proposed pit expansion outline. Also, provide a cross section depicting the drill holes and sample intervals in relation to the pit expansion outline so they can be located in three dimensions.
- 7) Provide the names and UMC numbers of the additional mining claims that you will be operating on.

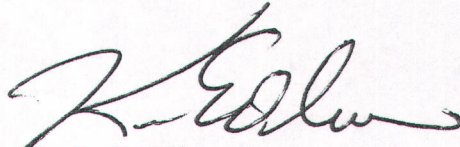
Please provide a response to the above information requests at your earliest convenience. The BLM cannot take any further action regarding your Plan Modification until you provide the information requested. Upon receipt of the required information, the BLM will determine whether or not the Plan Modification is complete.

In accordance with §3809.412, you are not authorized to engage in any of the activities described in your Plan Modification until this office determines that it is complete, the appropriate level of environmental review under NEPA is completed, you provide the financial guarantee required

under §3809.552, the financial guarantee is accepted and successfully adjudicated, and BLM notifies you that you may begin operations.

If you have any questions, or require additional information, please contact Stephen Allen at (801) 977-4360.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Oliver", written in a cursive style.

Kevin E. Oliver
District Manager

cc: UDOGM
Leslie Heppler
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